

FACTSHEET

Emerging Development Finance Institutions (DFIs) & India



ऑक्सफैम इंडिया
OXFAM
India

NO. 03 | MARCH 2018

BACKGROUND

The New Development Bank (NDB) and Asian Infrastructure Investment Bank (AIIB) represent two recent entrants to the global development finance and multilateral cooperation architecture. Importantly, both Banks, which have prioritized lending for infrastructure, are led by the emerging economies of the global South.

While the NDB was established as an initiative by the five BRICS countries (Brazil, Russia, India, China and South Africa) who are equal shareholders, the AIIB was a Chinese initiative with significant financial support extended by India and Russia with shareholding between the three nations split at 32%, 8.99% and 7.02% respectively.

The two Banks embody a growing thrust from large Southern economies to play a more central role in the realm of international infrastructure financing. This is particularly notable given that estimates for infrastructure investment required in low and middle income countries is pegged at US\$ 1 trillion per year.

The emergence of the two DFIs depicts the greater thrust envisioned by large Southern economies, particularly China and India, for themselves in global governance particularly with the reforms process on voting powers at Bretton Woods institutions - the World Bank and International Monetary Fund - having been sluggish.

NDB V AIIB

	NDB	AIIB
Purpose	To "mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies and developing countries, complementing the existing efforts of multilateral and regional financial institutions for global growth and development"	"The Bank ...will help to mobilize much needed additional resources from inside and outside Asia ... and will complement the existing multilateral development banks"
Headquarters	Shanghai (China)	Beijing (China)
President	K.V. Kamath (India)	Jin Liqun (China)
Board of Directors	6 + 5 alternates	12 + 18 alternates
Vice-Presidents	4	5
Number of Members	5	84 (61 approved, 23 prospective)
Authorized Capital	US\$100 billion	US\$100 billion
Subscribed Capital	US\$50 billion	US\$98 billion
Paid-in Capital	US\$10 billion (5 installments)	US\$20 billion (5 installments)
Shareholding Pattern	20% each for Brazil, Russia, India, China and South Africa	Top 5: China (32%), India (8.99%), Russia (7.02%), Germany (4.82%), South Korea (4.02%); regional members have 77.61% share, non-regional members have 22.39%
Majority Stake	55% for BRICS countries	75% for regional members
No. of Approved Projects (March '18)	13	25
Total Lending (as of March '18)	US\$3.4 billion	US\$4.2 billion
Approved Project Portfolio Breakup by Sector	Energy – 54% Water/Sanitation/Irrigation – 23% One project each in roads, transportation and social infrastructure	Energy – 45% Transport – 29% Urban/Water/Sanitation – 15% Remaining projects are either in telecom or are multi-sector in nature
Project Financing Started	2016	2016
Approved Indian Projects *	4	4 + India Infrastructure Fund
Total Amount (Indian projects)	US\$1.42 billion	US\$1.07 billion

Source: NDB & AIIB websites - www.ndb.int & www.aiib.org

NDB AND AIIB PROJECTS IN INDIA

DFI	PROJECT NAME	STATE	LOAN AMOUNT	APPROVAL	SECTOR	PURPOSE	AGENCIES INVOLVED
NDB	Canara Renewable Energy Financing Scheme	Multi-state	US\$250 million	April 2016	Renewable Energy	Supporting Canara Bank's Renewable Energy Financing Scheme for projects in solar, wind, small hydropower, biomass etc.	Canara Bank + Ministry of New and Renewable Energy
NDB	Madhya Pradesh Major District Roads	Madhya Pradesh	US\$350 million	November 2016	Roads	Linking MP's interior to highways and expanding national and state highway coverage, about 1,500 km to be upgraded	Madhya Pradesh Road Development Corporation + Govt. of Madhya Pradesh
NDB	Madhya Pradesh Water	Madhya Pradesh	US\$470 million	September 2017	Water/ Rural Development	Improving drinking water supply and sanitation, likely to cover 3,400 villages	Madhya Pradesh Jal Nigam Maryadit + Govt. of Madhya Pradesh
NDB	Rajasthan Water Sector Restructuring Project for Desert Areas	Rajasthan	US\$345 million	February 2018	Water/ Irrigation	Upgrade 678 km. long Indira Gandhi Canal system, improving water conservation, modernizing irrigation systems, and improving drinking water supply	Rajasthan Water Resources Department + Govt. of Rajasthan
AIIB	Andhra Pradesh 24x7 – Power for All	Andhra Pradesh	US\$160 million	May 2017	Power	Increase delivery of electricity to customers and improve operational efficiency and distribution system reliability	APTRANSCO (transmission company), APEPDCL and ASPDCL (distribution companies)
AIIB	India Infrastructure Fund	Multi-state	US\$150 million (up to) or 20% of total committed capital	June 2017	Multi-sector	Benefit mid-cap size infrastructure projects by creating a vehicle to mobilise private-equity investments	Led by Fund Manager (Morgan Stanley), team comprising two managing directors and one senior advisor who will also be a part of a seven-member Investment Committee of the Fund
AIIB	Gujarat Rural Roads (MMGSY) Project (only Phase 1)	Gujarat	US\$329 million	July 2017	Roads	Improve rural road connectivity and all-weather road access to 1,060 villages	Roads and Buildings Department, Govt. of Gujarat
AIIB	Transmission System Strengthening Project	Tamil Nadu	US\$100 million	September 2017	Power	Increase capacity of electricity supply to deficit areas in southern India by re-balancing peak and off peak energy sharing surplus from northern and western grids	Power Grid Corporation of India Ltd.
AIIB	Bangalore Metro Rail Project – Line R6	Karnataka	US\$335 million	December 2017	Transportation	Expand the city's metro system and provide efficient and high-capacity north-south connectivity	Bangalore Metro Rail Corporation Ltd.

Source: Compiled from <https://www.ndb.int/projects/list-of-all-projects/> & <https://www.aiib.org/en/projects/approved/index.html>

AUTHOR: TOMOJIT BASU

© Oxfam India, October 2017

This publication is copyright but the text may be used free of charge for the purposes of advocacy, campaigning, education, and research, provided that the source is acknowledged in full. The copyright holder requests that all such use be registered with them for impact assessment purposes. For copying in any other circumstances, permission must be secured. E-mail: tomojit@oxfamindia.org. Oxfam India, a fully independent Indian organization, is a member of an international confederation of 20 organizations. The Oxfams are rights-based organizations, which fight poverty and injustice by linking grassroots interventions to local, national, and global policy developments.

Oxfam India | 4th and 5th Floor, Shriram Bharatiya Kala Kendra, 1, Copernicus Marg, New Delhi 110001

Tel: +91 (0) 11 46538000 | Web: www.oxfamindia.org

Oxfam India is a member of a global confederation of 20 Oxfams and is registered as a company under section 8 of the Indian Company Law.



ऑक्सफैम इंडिया
OXFAM
India